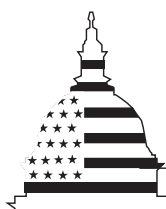


January 2001

TITLE III, OLDER AMERICANS ACT

Carryover Funds Are Not Creating a Serious Meal Service Problem Nationwide



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Abstract The Older Americans Act (42 U.S.C. 3001-3058ee) is intended to assist elderly Americans (aged 60 and over) by removing barriers to independent living through a variety of long-term care services in communities across the nation. Administered by the Administration on Aging (AoA) in the Department of Health and Human Services, Title III of the Act authorizes nutrition services such as congregate (group) and in-home meals, as well as support services, including transportation and housekeeping. Under Title III, program funds are to be distributed as grants to states on the basis of their proportional share of the total elderly population in the United States. ¹ In fiscal year 1999, the 50 states; the District of Columbia; and the U.S. territories, including American Samoa, the Commonwealth of the Northern Marianas, Guam, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands (hereafter referred to as the 56 states), received about \$785 million to operate Title III services. The bulk of these funds\$486 millionwas directed to nutrition services. Most states generally pass on their Title III funds to more than 600 area agencies nationwide, such as county human services organizations, that oversee the nutrition and support services provided by these funds at the local level. In turn, most of these area agencies award subgrants or contracts to about 4,000 local service providers, which deliver these services in a variety of settings, including senior centers, schools, and homes. Some states award Title III funds directly to the local service providers.		

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United States General Accounting Office
Washington, D.C. 20548

January 9, 2000

The Honorable Christopher Shays
House of Representatives

Dear Mr. Shays:

The Older Americans Act (42 U.S.C. 3001-3058ee) is intended to assist elderly Americans (aged 60 and over) by removing barriers to independent living through a variety of long-term care services in communities across the nation. Administered by the Administration on Aging (AoA) in the Department of Health and Human Services, Title III of the Act authorizes nutrition services such as congregate (group) and in-home meals, as well as support services, including transportation and housekeeping. Under Title III, program funds are to be distributed as grants to states on the basis of their proportional share of the total elderly population in the United States.¹ In fiscal year 1999, the 50 states; the District of Columbia; and the U.S. territories, including American Samoa, the Commonwealth of the Northern Marianas, Guam, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands (hereafter referred to as the 56 states), received about \$785 million to operate Title III services. The bulk of these funds—\$486 million—was directed to nutrition services.

Most states generally pass on their Title III funds to more than 600 area agencies nationwide, such as county human services organizations, that oversee the nutrition and support services provided by these funds at the local level. In turn, most of these area agencies award subgrants or contracts to about 4,000 local service providers, which deliver these services in a variety of settings, including senior centers, schools, and homes. Some states award Title III funds directly to the local service providers.

¹We previously reported that Title III funds were not distributed to the states according to the statute. See *Title III, Older Americans Act: Administration on Aging Funding Method Underfunds High-Elderly-Growth States* (GAO/HEHS-00-107, June 30, 2000). The Department of Health and Human Services disagreed with the report's conclusions, asserting that the method currently used by AoA is not inconsistent with the law and that, absent a definitive determination of congressional intent, a unilateral modification (of the method) is not appropriate.

AoA requires that states obligate Title III funds by September 30 of the fiscal year in which they are awarded to a state.² Furthermore, AoA requires the states to spend these obligated funds within 2 years after the year in which they are awarded (e.g., funds awarded in federal fiscal year 1999—October 1, 1998, to September 30, 1999—must be spent by September 30, 2001).³ AoA does not limit or monitor the amount of unspent funds that states and area agencies may carry over to the succeeding fiscal year during that time. However, AoA allows states to limit the amount of carryover funds used by their area agencies. States may also transfer Title III funds, with some limits, between their allotments for nutrition services (Part C) and support services (Part B), as well as between their allotments for congregate meal services (Part C-1) and home-delivered meal services (Part C-2).

You asked us to review whether states may be using Title III carryover funds to expand their meal service programs for the elderly beyond a level sustainable by their annual allotments alone. Your request stemmed from a recent incident in Connecticut wherein one local service provider faced a serious funding shortfall because the provider had relied upon a large amount of carryover funds to expand the number of meals served beyond a level supportable solely by its annual nutrition allotment. When these carryover funds were depleted, the provider faced the prospect of having to reduce the number of meals served by 16 percent, thereby putting the nutritional welfare of about 175 older persons at risk.⁴

To determine whether this incident in Connecticut was unique or a sign of a potentially broader problem, we reviewed the extent to which Title III-C carryover funds are used by state and area agencies to support nutrition services for the elderly. This report provides information on the (1) levels of Title III-C carryover funds available in fiscal year 1999, (2) extent to which the states and area agencies have established limits on the amount of funds carried over, and (3) extent to which carryover funds are used to expand meal services and the effects that reductions in the amount of carryover funds from one year to the next have had on meal services. This

²An obligation represents a commitment to pay out money, as distinct from an actual payment.

³AoA Fiscal Guide *Older Americans Act Titles III and VII* (Mar. 2000).

⁴Since this incident, Connecticut has adopted a limit on the amount of funds that area agencies and local service providers may carry over to subsequent years.

report also provides information on the extent to which states transferred Title III funds among nutrition and support services and the extent to which states allow area agencies to transfer Title III funds.

To address these objectives, we conducted national surveys of the 56 states and 652 area agencies that received Title III nutrition and support services funds in fiscal year 1999. We received survey responses from all of the states and 563 of the area agencies—for a response rate of 86 percent. We performed our review from March through December 2000 in accordance with generally accepted government auditing standards. Appendix I contains a detailed description of the methodology we used to conduct this review.

Results in Brief

Nationwide, the total amount of reported Title III-C carryover funds available in fiscal year 1999 was relatively small—\$24.6 million—representing about 5 percent of the total nutrition allotment that year. The level of carryover funds reported by the states varied considerably. Twenty-two states reported that they had no carryover funds, while 34 states reported carryover funds that ranged from less than 1 percent of their fiscal year 1999 nutrition allotment to almost 50 percent (in 1 state). Seven states had carryover funds that exceeded their fiscal year 1999 nutrition allotment by at least 15 percent. Additionally, two-thirds of the carryover funds—\$16.3 million—were concentrated in seven states.

Half (28) of the 56 states have limits on the amount of Title III-C funds that their area agencies and/or local service providers may carry over from one fiscal year to the next, and half do not. Fifteen of the 28 states that have limits ban the use of any carryover funds. The remaining 13 states restrict the amount that may be carried over, with an average reported limit of about 8 percent of their annual nutrition allotment. In the 28 states that do not impose carryover limits, some area agencies imposed restrictions on the amount of funds that their local service providers can carry over to subsequent years.

While area agencies have used carryover funds to expand their meal services, state and area agencies identified relatively few instances of major cutbacks in meal services that occurred in fiscal year 1999 because of reductions in carryover funds. For example, the 17 states that had information on area agencies' use of carryover funds reported that 133 of their 234 area agencies receiving nutrition funds for fiscal year 1999 had used carryover funds to expand the number of meals served that year.

However, only nine area agencies in these states had to reduce the number of meals served by 10 percent or more in fiscal year 1999 because their carryover funds were less than in prior years.

Forty-seven states reported that they transferred funds among Title III nutrition and support services in fiscal year 1999. These transfers totaled about \$76 million, the bulk of which—\$71 million—were moved out of the allotment for congregate meals and into the allotments for home-delivered meals and/or support services. The amount of authority that states gave to area agencies and/or local service providers to transfer Title III funds varied. For example, 9 states reported that they do not allow their area agencies and/or providers to make any transfers, whereas 10 states permit the transfer of funds up to the maximum amount permitted by AoA without prior state approval.

Although the use of carryover funds to support nutrition services for the elderly does not currently appear to be creating a serious meal service problem nationwide, we are recommending that AoA monitor the levels of unspent Title III-C funds that states carry over to the succeeding fiscal year and work with the states that build up substantial amounts of carryover funds to develop a strategy to spend down such funds in a manner that minimizes the potential disruption of meal services for the elderly. Such monitoring could be performed with available resources if it is done as a part of the agency's routine program-monitoring activities.

Background

According to the Congressional Research Service, Title III nutrition funds provide almost 3 million older persons with about 240 million meals each year. Forty-eight percent of the meals are provided in congregate settings, such as senior centers, and 52 percent are provided to frail older persons in their home.⁵

In fiscal year 1999, about \$785 million in Title III nutrition and support services funds was distributed to 56 states. A total of about \$486 million was allotted for congregate and home-delivered meals (Title III-C). Table 1 shows how these federal funds were distributed to the states.

⁵See *Older Americans Act: Programs and Funding*, Congressional Research Service (CRS 95-917, Mar. 23, 2000).

Table 1: Distribution of Title III Nutrition and Support Services Funds to States in Fiscal Year 1999

State	Congregate meals	Home-delivered meals	Support services	Total
Alabama	\$6,039,123	\$1,809,239	\$4,842,820	\$12,691,182
Alaska	1,868,496	560,000	1,498,161	3,926,657
American Samoa	591,564	128,489	459,891	1,179,944
Arizona	4,775,258	1,480,743	3,868,799	10,124,800
Arkansas	4,143,271	1,213,921	3,314,230	8,671,422
California	34,748,156	10,623,109	27,928,704	73,299,969
Colorado	3,700,816	1,165,772	2,985,170	7,851,758
Connecticut	5,220,579	1,530,315	4,176,059	10,926,953
Delaware	1,868,496	560,000	1,498,161	3,926,657
District of Columbia	1,868,496	560,000	1,498,161	3,926,657
Florida	23,377,390	7,330,949	18,845,215	49,553,554
Georgia	7,403,877	2,276,311	5,954,800	15,634,988
Guam	934,248	280,000	749,081	1,963,329
Hawaii	1,931,185	560,000	1,541,101	4,032,286
Idaho	1,920,049	560,000	1,528,735	4,008,784
Illinois	17,201,474	5,023,565	13,754,216	35,979,255
Indiana	8,068,912	2,396,588	6,464,097	16,929,597
Iowa	5,058,716	1,465,547	4,041,475	10,565,738
Kansas	4,071,253	1,184,543	3,254,127	8,509,923
Kentucky	5,544,695	1,640,545	4,440,065	11,625,305
Louisiana	5,618,089	1,666,743	4,500,215	11,785,047
Maine	1,987,094	579,885	1,588,866	4,155,845
Maryland	5,865,746	1,784,972	4,712,043	12,362,761
Massachusetts	9,741,446	2,841,215	7,788,111	20,370,772
Michigan	12,869,841	3,852,626	10,319,311	27,041,778
Minnesota	6,367,865	1,881,838	5,098,552	13,348,255
Mississippi	3,872,209	1,135,700	3,097,807	8,105,716
Missouri	8,428,910	2,471,390	6,742,776	17,643,076
Montana	1,897,134	560,000	1,505,005	3,962,139
Nebraska	2,726,708	787,490	2,177,721	5,691,919
Nevada	1,962,054	600,833	1,577,444	4,140,331
New Hampshire	1,923,749	560,000	1,531,005	4,014,754
New Jersey	12,140,147	3,587,191	9,719,791	25,447,129
New Mexico	1,916,248	652,134	1,540,580	4,108,962
New York	28,843,281	8,363,478	23,044,878	60,251,637

(Continued From Previous Page)

State	Congregate meals	Home-delivered meals	Support services	Total
North Carolina	8,800,131	2,734,705	7,086,610	18,621,446
North Dakota	1,869,416	560,000	1,498,161	3,927,577
Northern Marianas	239,085	70,000	187,270	496,355
Ohio	16,322,930	4,843,020	13,074,808	34,240,758
Oklahoma	5,056,269	1,491,095	4,047,510	10,594,874
Oregon	4,281,902	1,301,397	3,439,423	9,022,722
Pennsylvania	21,196,002	6,212,560	16,954,955	44,363,517
Puerto Rico	3,573,974	1,115,073	2,879,810	7,568,857
Rhode Island	1,943,186	560,000	1,548,342	4,051,528
South Carolina	4,341,806	1,348,009	3,496,056	9,185,871
South Dakota	1,884,611	560,000	1,498,161	3,942,772
Tennessee	7,118,274	2,144,262	5,711,673	14,974,209
Texas	19,478,220	6,005,887	15,671,503	41,155,610
U.S. Virgin Islands	934,248	280,000	749,081	1,963,329
Utah	1,951,811	598,549	1,565,062	4,115,422
Vermont	1,868,496	560,000	1,498,161	3,926,657
Virginia	7,416,233	2,281,158	5,965,011	15,662,402
Washington	6,216,282	1,914,209	5,000,722	13,131,213
West Virginia	3,291,161	955,723	2,630,062	6,876,946
Wisconsin	7,550,157	2,229,222	6,044,551	15,823,930
Wyoming	1,868,496	560,000	1,498,161	3,926,657
Total	\$373,699,264	\$111,999,998	\$299,632,266	\$785,331,528

Source: Budget Office, AoA.

Fiscal year 2000 funding for the Older Americans Act increased about 3.5 percent above the level for fiscal 1999. Funds for the home-delivered meals program increased by \$35 million—31 percent over the level for fiscal 1999.

The Nationwide Level of Title III-C Carryover Funds Is Low, but Some States Have Relatively High Levels

Nationwide, the funds carried over into fiscal year 1999 reported by the states represented a small percentage of the \$486 million Title III-C allotment—about 5 percent, or \$24.6 million. However, the level of carryover funds reported by the states varied considerably. Twenty-two states reported that they had no carryover at the beginning of fiscal year 1999. The remaining 34 states reported a carryover that ranged, as a percentage of their fiscal year 1999 nutrition allotment, from less than 1 percent in 6 states (Colorado, Kentucky, Maryland, Massachusetts, New Mexico, and Puerto Rico) to about 50 percent in Arizona. Seven states

(Arizona, Delaware, Hawaii, Missouri, New York, Oregon, and South Dakota) had carryover funds that exceeded their nutrition allotment for fiscal year 1999 by at least 15 percent. Additionally, two-thirds of the carryover funds—\$16.3 million—were reported by seven states (Alabama, Arizona, California, Missouri, New York, Ohio, and Texas) that had at least \$1 million in carryover funds. Table 2 shows the distribution of these carryover funds and their respective percentage of the nutrition allotment for each of the latter seven states above at the beginning of fiscal year 1999. (See app. II for information on the amount of carryover funds available to each of the 56 states at the beginning of fiscal year 1999.)

Table 2: Distribution of Carryover Funds in States Having \$1 Million or More in Fiscal Year 1999

State	Amount of Title III-C carryover funds	Amount of Title III-C allotment	Carryover as a percentage of Title III-C allotment
Alabama	\$1,078,397	\$7,848,362	13.74
Arizona	3,117,817	6,256,001	49.84
California	1,311,641	45,371,265	2.89
Missouri	1,679,360	10,900,300	15.41
New York	6,308,741	37,206,759	16.96
Ohio	1,686,835	21,165,950	7.97
Texas	1,124,034	25,484,107	4.41
Total	\$16,306,825	\$154,232,744	10.57

States may have substantial amounts of carryover funds for a variety of reasons. For example, a state official said that the annual allotment of Title III funds may not be received by the beginning of a state's fiscal year because of differences between federal and state fiscal year periods (41 states begin their fiscal year 3 months earlier than the federal government) or delays in the federal appropriations process. States may then need to budget their spending on the basis of funding projections. According to the official, some states may develop more conservative spending estimates than others. As a result, some of these states may have substantial funds that cannot be fully spent by the end of the fiscal year. Because of this, funds may be carried over into the next federal fiscal year.

The accumulation of carryover funds can occur at the state, area-agency, and/or local-service-provider level. In fiscal year 1999, about 25 percent of the nationwide carryover funds reported by the states were held at the state level and 75 percent were held at the area-agency and/or local-

provider level. The states reported that 341, or about 52 percent, of all area agencies had some carryover funds available for their nutrition programs at the beginning of fiscal year 1999. The level of carryover at the area-agency level can vary dramatically. For example, of the 208 area agencies that responded to our survey and reported some carryover at the beginning of fiscal year 1999, the carryover ranged from less than 1 percent of the fiscal year 1999 Title III-C allotment at 20 area agencies to more than 50 percent at 3 area agencies. Most area agencies (132) reported a carryover of from 1 to 10 percent of their annual allotment.

Half of the States Do Not Restrict Title III-C Carryover Funds, and Those That Do Use a Variety of Limits

Half of the 56 states reported that they do not restrict the amount of Title III-C funds that their area agencies and/or local service providers may carry over from one year to another. Of the remaining 28 states, 15 reported that neither area agencies nor local service providers are allowed to carry over any funds, and 13 reported having limits on the amount that their area agencies and/or local service providers may carry over into the succeeding fiscal year.

Eleven of the 13 states with carryover limits reported that their limits were based on a percentage of the area agencies' and/or local service providers' annual grant allotment. The percentage of annual grant limit varied from 2 to 10 percent. The average reported percentage limit was about 8 percent. The remaining two states did not specify how they limited the amount of area-agency and/or local-service-provider carryover. Information on each state's policy regarding carryover by area agencies or directly funded local service providers is shown in appendix II.

We also examined the types of limits, if any, that area agencies located in the 28 states with no carryover limits placed on their local providers. Of the 563 area agencies responding to our survey, 178 were located in states that did not have carryover limits and did provide elderly meal services primarily through local service providers. The carryover limits that the agencies placed on their providers varied; most (97) did not allow their providers to carry over any funds. Information on the number and percentage of these 178 area agencies is presented in table 3 by type of area agency carryover restriction, if any, placed on local providers.

Table 3: Number and Percentage of Area Agencies Located in States That Did Not Have Carryover Limits and Provided Elderly Meal Services Primarily Through Local Service Providers, by Type of Carryover Restriction Placed on Local Providers by Area Agencies

Type of carryover restriction	Area agencies	
	Number	Percent
Carryover not allowed	97	54
Carryover is limited as a specific percentage of local providers' grant ranging from 1 to 10 percent	11	6
Carryover is limited to a maximum dollar amount (\$1,000 and \$24,001)	2	1
No limits placed on carryover	59	33
Did not report	9	5
Total	178	100

Carryover Funds Are Used to Expand Meal Services, but Few Major Impacts From Declines in Carryover Funds Were Identified

While some area agencies have used carryover funds to expand their meal services, state and area agencies identified relatively few instances of major cutbacks in meal services that occurred in fiscal year 1999 because carryover funds were less than they were in prior years. Additionally, from our analysis of the state and area-agency survey data, we estimate that, nationwide, a very small percentage of area agencies and local providers would have to make major cutbacks in meal services in fiscal years 2000 or 2001 because of reductions in carryover funds.

Our state survey information indicated that 37 states allowed their area agencies to carry over unspent Title III-C funds into fiscal year 1999. Seventeen of these states reported that 133 of their 234 area agencies had used carryover funds to expand the number of meals served that year.⁶ Only 9, or about 7 percent, of these agencies had to reduce the number of meals served by 10 percent or more in fiscal year 1999. We estimated from

⁶Of the remaining 20 states, 5 reported that none of their 60 area agencies used carryover funds to expand meals served, and 15 reported that they did not have similar data for their 219 area agencies.

the states' survey data that 23, or about 4 percent, of all area agencies nationwide may have to reduce their meal services by 10 percent or more in fiscal years 2000 or 2001.⁷

Of the 5 states that directly funded local service providers, 2 reported that 2 of their 8 providers used carryover funds to expand the number of meals served (neither of these providers had to reduce meals served by 10 percent or more), 2 reported that none of their 54 providers used funds to expand the meals served, and 1 state with 37 providers reported that comparable data on its providers were not available. We did not estimate how many directly funded local providers may have to reduce meal services by 10 percent or more in fiscal years 2000 or 2001.

The results from our area-agency survey were similar. Of the 152 area agencies reporting that they allow local service providers to carry over funds, about one-third (47) did not provide information about their local service providers' use of carryover funds to expand meal services. The 105 area agencies that reported such information identified a total of 287 local service providers that had used carryover funds to expand meal services in fiscal year 1999. These area agencies identified only 20 local providers that had reduced the number of meals served by 10 percent or more in fiscal year 1999 because of declines in carryover funds. Again, from our analysis of the area agencies' survey data, we estimated that about 3 percent of the approximately 4,000 local service providers nationwide may need to reduce meals by that amount in fiscal years 2000 or 2001 because of declines in carryover funds.⁸

⁷For the 15 states where data were unavailable, we estimated the future impact by using the rate of impact on area agencies reported by other states.

⁸Eighty-four area agencies that responded to our survey did not provide information on the future impact of the use of carryover funds to expand meal services to the elderly, and 89 area agencies did not respond to our survey. For these agencies, we estimated the future impact by using the rate of impact on local service providers reported by other area agencies.

Most States Have Transferred Title III Funds and Allow Area Agencies Similar Flexibility

Forty-seven of the states reported that they transferred a total of about \$76 million in Title III nutrition and support services funds during fiscal year 1999. Although funds were transferred among the two nutrition allotments and the support services allotment, the bulk of the funds came out of the congregate meal allotment. The flexibility that area agencies and local providers have to transfer these funds varied.

Most Transfers of Title III Funds Are Made Out of Congregate Meal Allotments

As shown in table 4, the bulk of the Title III funds transferred—\$71 million—came from congregate meal allotments and were reallocated to either the home-delivered meal or support services allotments. These transfers resulted in a decrease of about 19 percent from the level of funding originally allotted to the states for congregate meal services.

Table 4: Transfer of Funds Between Title III Nutrition and Support Services Allotments Reported by States, Fiscal Year 1999

Dollars in millions				
Allotment categories	Initial allotment	Amount of transfers out	Amount of transfers in	Allotment after transfers
Congregate meals (Part C-1)	\$370	\$71	\$1	\$300
Home-delivered meals (Part C-2)	112	3	44	153
Support services (Part B)	298	2	30	326

According to the Congressional Research Service, states have increasingly transferred funds from the congregate meal allotment to the home-delivered meal allotment because of various factors.⁹ For example, the growth in the number of persons in the oldest age categories has created a greater demand for the delivery of home care services, including home-delivered meals. According to federal population projections, the number of persons who are 60 years and older will increase by 21 million, or 46

⁹See Congressional Research Service memorandum to Representative Christopher Shays (Feb. 7, 2000).

percent, over the next 16 years, while the number who are 85 years and older will increase by 2.2 million, or 51 percent, during the same time frame.¹⁰ In addition, many states, including Connecticut, have devoted resources to the creation of a home- and community-based long-term care system for older persons. Home-delivered meals represent a key component in these systems.

As with carryover funds, states reported widely varying amounts of funds transferred. For example, in 43 states that reported transferring funds from their initial congregate meal allotment to their home-delivered meal allotment, the percentage of funds transferred ranged from about 1 percent (Wisconsin) to about 34 percent (West Virginia)—the average transfer being 12 percent.¹¹ Twelve states reported no transfers from their congregate meal allotment to their home-delivered meal allotment, and one state did not provide transfer information.

Area Agencies' Flexibility to Transfer Funds Varies

Nine states reported that they do not allow the transfer of Title III funds by their area agencies and/or local service providers. Other states have adopted policies that limit the transfer of funds by area agencies and/or local service providers. Table 5 shows the number of states that reported a limit on the transfer of Title III funds.

¹⁰Data provided by the Population Projections Program, Population Division, U.S. Census Bureau.

¹¹Generally, states are permitted to transfer up to 30 percent of the funds received for home-delivered nutrition services or congregate nutrition services between those two programs. AoA is authorized to grant waivers to states for transfers of up to an additional 10 percent of such funds.

Table 5: Number of States Reporting a Limit on the Transfer of Title III Funds

Type of limit	Number of states
Grantees must receive prior approval from the state to transfer funds—grantees are not permitted to transfer more than the maximum amounts prescribed by AoA for the state	22
Grantees are permitted to transfer funds up to a maximum amount prescribed by AoA for the state without prior state approval	10
Grantees must receive prior approval from the state to transfer funds—grantees may be permitted to transfer more than the maximum amount prescribed by AoA for the state	8
Grantees are permitted to transfer funds up to a maximum amount set by the state without prior state approval—the maximum amount set by the state is below the maximum amount prescribed by AoA for the state	4
Other type of limit	3
Transfers not allowed	9
Total	56

Conclusion

At the present time, the buildup and use of Title III-C carryover funds to support elderly nutrition services does not appear to be a widespread problem. However, AoA does not monitor the states' buildup of carryover funds. As a result, the agency has little assurance that it could identify meal service problems that could emerge in the future.

Recommendation for Executive Action

Although the use of carryover funds to support nutrition services for the elderly does not currently appear to be creating a serious meal service problem nationwide, we recommend that the Secretary, Department of Health and Human Services, direct the Assistant Secretary for Aging, Administration on Aging, to monitor the levels of unspent Title III-C funds that states carry over to the succeeding fiscal year and work with the states that build up substantial amounts of carryover funds to develop a strategy to spend down such funds in a manner that minimizes the potential disruption of meal services for the elderly. Such monitoring could be performed with available resources if it is done as a part of the administration's routine program-monitoring activities.

Agency Comments

We provided the U.S. Department of Health and Human Services with a draft of this report for review and comment. Department officials agreed with our recommendation. More specifically, the Assistant Secretary for Aging, stated that AoA will monitor those states having a history of difficulty in controlling carryover and provide enhanced technical assistance to ensure that these practices do not jeopardize the program's goals. In addition, the Assistant Secretary noted that the Department will consider the promulgation of regulations to reinforce the grantees' understanding of their responsibility in controlling and monitoring such funds. The Department made no other comments on the information contained in the draft report.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 10 days after the date of this letter. At that time, we will send copies to appropriate congressional committees; interested Members of Congress; the Honorable Donna E. Shalala, Secretary of Health and Human Services; the Honorable Jeanette C. Takamura, Assistant Secretary for Aging, Department of Health and Human Services; the Honorable Jacob J. Lew, Director, Office of Management and Budget; and other interested parties. We will also make copies available upon request.

If you have any questions about this report, please contact me or Thomas E. Slomba, Assistant Director, at (202) 512-5138. Key contributors to this report were Carolyn M. Boyce, Senior Social Science Analyst; and Peter M. Bramble, Jr., Senior Food Assistance Analyst.

Sincerely yours,



Robert E. Robertson
Director, Education, Workforce, and
Income Security

Scope and Methodology

To address the objectives of our review, we developed separate written mail-out surveys for state and area agencies that received Title III nutrition and support funds, respectively, in fiscal year 1999. We pretested the draft state survey at three states that manage senior services (Colorado, Louisiana, and Pennsylvania), and the draft area-agency survey at four area agencies in four states (Colorado, Louisiana, Virginia, and West Virginia). We visited these states and area agencies to conduct each pretest. During these visits, we attempted to simulate the actual survey experience by asking the state or area agency official to fill out the survey. We subsequently interviewed the officials to ensure that the (1) questions were readable and clear, (2) terms were precise, (3) survey did not place an undue burden on the survey recipients, and (4) survey appeared to be independent and unbiased. Administration on Aging (AoA) officials also reviewed and provided comments on each draft survey.

In order to maximize the response to our surveys, we mailed a prenotification letter to all of the 56 states¹ and 652 area agencies about 1 week before we mailed the surveys. We also sent a reminder letter to nonrespondents about 4 weeks after the initial survey mailing and a replacement survey for those who had not responded after about 8 weeks. After reviewing all of the survey responses, we contacted several states by telephone and E-mail to clarify their responses to various survey questions. Our survey data represent the responses from all of the 56 states and 563 of the 652 area agencies (an 86-percent response rate). We also collected Title III administrative and program information from AoA.

We performed our work from March through December 2000 in accordance with generally accepted government auditing standards.

¹To simplify this discussion, we refer to all of the 50 states; the District of Columbia; and the U.S. territories, including American Samoa, the Commonwealth of the Northern Marianas, Guam, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands, as the 56 states.

Nationwide Title III-C Carryover Funds Available to the States at the Beginning of Fiscal Year 1999

State	Amount of Title III-C carryover funds	Carryover as a percentage of Title III-C allotment	State carryover policy for area agencies or directly funded local service providers
Alabama	\$1,078,397	13.74	Carryover allowed without restrictions
Alaska	0	0	Carryover not allowed
Arizona	3,117,817	49.84	Carryover allowed without restrictions
Arkansas	60,032	1.12	Carryover allowed without restrictions
California	1,311,641	2.89	Carryover allowed without restrictions
Colorado	29,698	0.61	Carryover allowed without restrictions
Connecticut	0	0	Carryover allowed without restrictions
Delaware	678,595	27.94	Carryover not allowed
District of Columbia	266,301	10.97	Carryover allowed without restrictions
Florida	382,053	1.24	Carryover allowed without restrictions
Georgia	0	0	Carryover not allowed
Hawaii	491,137	19.74	Carryover allowed without restrictions
Idaho	0	0	Carryover allowed with restrictions
Illinois	673,425	3.03	Carryover allowed with restrictions
Indiana	192,314	1.84	Carryover allowed without restrictions
Iowa	0	0	Carryover allowed with restrictions
Kansas	339,064	6.45	Carryover allowed with restrictions
Kentucky	45,723	0.64	Carryover allowed without restrictions
Louisiana	0	0	Carryover not allowed
Maine	0	0	Carryover allowed without restrictions
Maryland	30,391	0.42	Carryover allowed without restrictions
Massachusetts	26,965	0.21	Carryover allowed with restrictions
Michigan	934,983	5.59	Carryover allowed without restrictions
Minnesota	0	0	Carryover allowed without restrictions
Mississippi	0	0	Carryover allowed without restrictions
Missouri	1,679,360	15.41	Carryover allowed without restrictions
Montana	225,000	9.16	Carryover allowed without restrictions
Nebraska	214,655	6.11	Carryover allowed with restrictions
Nevada	0	0	Carryover allowed without restrictions
New Hampshire	0	0	Carryover not allowed
New Jersey	989,231	6.29	Carryover allowed with restrictions
New Mexico	1,400	0.05	Carryover allowed without restrictions
New York	6,308,741	16.96	Carryover allowed with restrictions
North Carolina	0	0	Carryover not allowed

Appendix II
Nationwide Title III-C Carryover Funds
Available to the States at the Beginning of
Fiscal Year 1999

(Continued From Previous Page)

State	Amount of Title III-C carryover funds	Carryover as a percentage of Title III-C allotment	State carryover policy for area agencies or directly funded local service providers
North Dakota	0	0	Carryover not allowed
Ohio	1,686,835	7.97	Carryover allowed with restrictions
Oklahoma	78,447	1.20	Carryover allowed with restrictions
Oregon	847,974	15.19	Carryover allowed without restrictions
Pennsylvania	0	0	Carryover not allowed
Rhode Island	68,650	2.74	Carryover allowed without restrictions
South Carolina	0	0	Carryover not allowed
South Dakota	501,163	20.50	Carryover not allowed
Tennessee	0	0	Carryover allowed with restrictions
Texas	1,124,034	4.41	Carryover allowed without restrictions
Utah	71,374	2.80	Carryover allowed without restrictions
Vermont	150,752	6.21	Carryover allowed without restrictions
Virginia	400,330	4.13	Carryover allowed with restrictions
Washington	509,670	6.27	Carryover allowed with restrictions
West Virginia	0	0	Carryover not allowed
Wisconsin	0	0	Carryover allowed without restrictions
Wyoming	105,362	4.34	Carryover allowed without restrictions
American Samoa	0	0	Carryover not allowed
Guam	0	0	Carryover not allowed
Northern Marianas	0	0	Carryover not allowed
Puerto Rico	10,132	0.22	Carryover allowed without restrictions
U.S. Virgin Islands	0	0	Carryover allowed with restrictions
Total	\$24,631,646		

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